

Secondary Lotteries

(Lotto Syndicates / Betting on Lottery)

Brief description of the industry

Companies acting as Lotto Messenger/Syndicates allows the player to participate in international lottery games online. Acting as a syndicate Companies do not require a License as they are not organizing the lottery themselves. Lotto Syndicates purchase tickets from specific lotteries and distribute the winnings amongst the syndicate members.

There are 2 types of Secondary Lottery:

a) Messenger Lottery, including Lottery Syndicates

Acting as messenger/intermediary between the Licensed Lottery Operator and consumers, by purchasing the lottery tickets in a draw and reselling the tickets by scanning and sending them to the consumers online. Such models may also offer Lotto Syndicates options, by purchase tickets from specific lotteries and distribute winnings amongst the syndicate members.

b) Betting Model

Players place bets on the outcome of a lottery. Players are not participating in a lottery but are strictly placing a bet on the outcome of a lottery. In such models, the operator does not buy the lottery ticket directly, but acts as an acceptor of the bet that the player makes on the result of a particular lottery. The Operator has no connection with the Lottery operator. These Operators would normally use an insurance coverage to enable a pay-out should a consumer have an exact winning bet (i.e. betting on the correct combination of numbers). Jackpots are not based on a ticket sale, rather insurance companies cover the pay-out in return of a premium. Subsequently, such Operators do not need to sell a certain volume of tickets to match or exceed official jackpots.

The Lottery industry is a highly regulated market with often very restrictive or unclear compliance requirements. The wagering market is often regulated separately, example Betting Models.

When a Betting Model is not licensed, an Independent Legal Opinion will be required.

c) Lottery Organiser

If the Operator is organizing the Lottery itself and acting as a Lotto Syndicate the Online Gaming Policy should be adhered to.



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Conditions applicable

- MCC 7995.
- If OCT is requested:
 - Mandatory prefunded account based on the Merchant's estimate volume and OCT percentage.
 - Mandatory Fixed Collateral based on the Estimate Volume.
 - VISA BAI Code: OG.
- Merchant Registration Program (MRP) registration is required – USD 500 or any other currency equivalent.
- If non-EEA lotteries are advertised on the Merchant's website further restrictions may apply.
- Processing history for the last 3 months (minimum period).

Geographic Restrictions/BIN Blocks applicable

- United states.
- Malta (unless licensed by the MGA).

Risk Mitigation

- Minimum default Rolling Reserve of 5% for 180 days if recurring is involved.

